

Message Text

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ACTION OPIC-06

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SUBJECT: AGRIBUSINESS

REF: STATE 208156

1. ASSESSMENT REQUESTED REFTEL PREPARED WITH ASSISTANCEHR
PARROYO-RIESTA AND TECHNOSERVE. LATTER IS A U.S. PVO BASED IN
DARIEN, CONNECTICUT PROVIDEING TECHNICAL/MANAGERIAL ASSISTANCE
TO A SMALL SUGAR PROCESSING FACILITY IN GENERAL AREA WHERE
AWUDOME COOPERATIVE (COOP) PROPOSES ESTABLISH INTEGRATED SUGAR
BASED INDUSTRY.

2. ORGANIZATION/MANAGEMENT
MR. A.K. ASEM IS FORMER GOG MINAGRIC OFFICIAL. COOP HAS 60 MEMBERS,
OF WHICH 12 ARE ACTIVE. THEY DO NOT POSSESS TECHNICAL/MANAGERIAL
OR FINANCIAL MANAGEMENT SKILLS OR EXPERIENCE TO MANAGE AN OPERATION
OF THE TYPE ENVISAGED.

3. FINANCES
WHILE WE HAVE NOT SEEN CURRENT FINANCIAL STATEMENTS, WE UNDERSTAND
COOP SHOWED SMALL PROFIT DURING 1973-1976 PERIOD. FURTHER, COOP
HAS OUTSTANDING LOAN OF ABOUT DOLS 10 THOUSAND EQUIVALENT WHICH
UNABLE SERVICE DUE TO CRIPPLING FIRE IN 1976 AND DROUGHT IN 1977
WHICH HAS SEEN VIRTUAL CESSATION OF ACTIVITY. SERVICING THE
DEBT ANF INABILITY RAISE CAPITAL LOCALLY FOR EQUIPMENT ARE NO
DOUBT BASES FOR APPROACHING OPIC.
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4. TECHNICAL
COOP HAS 50 ACRESS UNDER CULTIVATION WITH POSSIBILITY OF EXPANSION
TO ABOUT 200. MILL HAS AN INSTALLED CRUSHING CAPACITY OF 20 MT
PER 8 HOUR SHIFT. PLANT IS OPERATING INTERMITTANTLY DUE NOW-
AVAILABILITY OF ASSURED AND ADEQUATE LEVEL OF SUGAR CANE FOR
CRUSHING, AND LACK OF SPARE PARTS. WHEN OPERATING IT HAS BEEN

PROCESSING A MAXIMUM OF ABOUT 5 MT DAILY. IT IS DOUBTEFUL WHETHER COOP WILL BE ABLE TO OBTAIN SUFFICIENT CANE FROM OTHER GROWERS TO OPERATE EXISTING FACILITY CONTINUOUSLY. PROPOSED INVESTMENT FOR EXPANSION PARTICULARLY INTO WHITE SUGAR AND NON-ALCOHOLIC PRODUCTS IS QUESTIONABLE. GHANA HAS TWO REFINERIES CAPABLE OF PRODUCING WHITE SUGAR. BOTH ARE OPERATING FAR BELOW INSTALLED CAPACITY DUE TO SHORTAGES OF CANE FEEDSTOCK, LACK OF SPARE PARTS AND GOV REGULATED PRICE FOR REFINED SUGAR WHICH ACTS AS DISINCENTIVE FOR PRODUCTION.

5. CONCLUSION

IN VIEW FACTORS NOTED ABOVE AND THE MULTIMILLION DOLLAR INVESTMENT REQUIRED FOR WHITE SUGAR WE SERIOUSLY DOUBT THE VIABILITY OF THE COOP PROPOSAL UNDER PRESENT CIRCUMSTANCES. USAID UNDER ITS AGRIBUSINESS PROJECT (FAAD 641-0072) IS EXPLORING POSSIBILITIES FOR LIMITED TECHNICAL COOPERATION TO THE COOP THROUGH TECHNOSERVE. HOLMES

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